

Message Text

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73

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-03 FRB-01

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-01 OPIC-02 SP-02

CIEP-01 LAB-01 SIL-01 OMB-01 SAB-01 AGR-03 SWF-01

PA-01 PRS-01 USIA-04 DRC-01 /052 W

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FM AMEMBASSY PANAMA

TO SECSTATE WASHDC 1996

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EO 11652: N/A

TAGS: EGEN, PN

SUBJ: U.S.-OWNED AGRO-INDUSTRY COMPLEX ANNOUNCES PLANS TO SUSPEND
OPERATIONS

1. CITRICOS DE CHIRIQUI (CDC), WHOLLY-OWNED SUBSIDIARY
ESTABLISHED BY NATIONAL BULK CARRIERS (NBC) EARLY 1960'S,
ANNOUNCED SUSPENSION OF ITS CITRUS-GROWING AND JUICE CONCENTRATE
OPERATIONS EFFECTIVE OCTOBER 4. IN ITS ANNOUNCEMENT CDC STATED
OPERATIONS HAVE BEEN UNPROFITABLE SINCE 1962 AND CITED
CONTINUING WORLD OVERSUPPLY/LOW PRICES AS PRINCIPAL CAUSE. ITS
PROPERTIES INCLUDE 10,000 ACRES, HALF OF WHICH IN CITRUS GROVES
CONTAINING 450,000 TREES, AND JUICE PROCESSING PLANT AND
WAREHOUSES, HAVING COMBINED VALUE \$17 MILLION. EMPLOYEES NUMBER
ABOUT 650.

2. PRIOR TO ISSUANCE OF ANNOUNCEMENT, EMBOFF DISCUSSED
IMPLICATIONS OF CLOSURE WITH BERT REISS, NBC OFFICER CURRENTLY
IN PANAMA TO HANDLE CESSATION OPERATIONS. GENERAL TORRIJOS
CALLED REISS EARLY OCTOBER 4 TO REQUEST POSTPONEMENT TO PERMIT
CONSIDERATION OF POSSIBLE WAYS TO CONTINUE OPERATION.
OVER WEEKEND, DURING WHICH TORRIJOS VISITED CHIRIQUE PLANT
AND SPOKE TO EMPLOYEES, COMPANY AGREED TO 15-DAY POSTPONEMENT.

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EMBOFF HAD POINTED OUT TO REISS POTENTIAL HAZARD IN TIMING

OF CLOSURE WEEK BEFORE OCTOBER 11, A NATIONAL HOLIDAY OF GREAT SIGNIFICANCE TO TORRIJOS. REISS ACKNOWLEDGED DESIRABILITY OF DEFERRAL AND CONTINUATION OF DISCUSSIONS.

3. COMMENT: FROM MODERATE TONES OF PRESS TREATMENT AND OF TORRIJOS SPEECH TO CDC WORKERS, IT WOULD APPEAR AT THIS STAGE THAT WIND-DOWN OF OPERATIONS COULD OCCUR WITHOUT MAJOR INCIDENT. HOWEVER, UNLESS GOP CAN NEGOTIATE ARRANGEMENT WITH CDC PROVIDING FOR CONTINUED OPERATIONS, OR ALTERNATIVE LAND USE, IT WILL BE DIFFICULT FOR IT TO FULFILL TORRIJOS' PROMISE TO WORKERS THAT THEY WILL "KEEP THEIR JOBS."
JORDEN

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